

May 13, 2016

TO: NRECA Board of Directors  
Distribution CEOs  
Statewide Managers  
G&T Managers

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### ***Bipartisan House Bill would Extend Geothermal Tax Credits***

As a result of your grassroots efforts at our Legislative Conference last week, House Ways and Means committee members introduced a bipartisan bill (H.R. 5167) to extend advanced energy technology tax credits, including the Geothermal Heat Pump (GHP) credit for residential and commercial use. The Technologies for Energy Security Act sponsored by Reps. Reed (R-NY), Thompson (D-CA), Meehan (R-PA) and Blumenauer (D-OR) would extend tax credits for energy technologies not included in a 2015 energy tax credits package. Electric co-ops rely on the GHP tax credit to encourage member-consumers to install geothermal heating systems and reduce their energy consumption. At a House Ways and Means subcommittee hearing this week, Reps. Reed, Thompson and others [emphasized the need to address this disparity](#).

### ***Administration Ends Appeal of Decision Blocking Lesser Prairie-Chicken Listing***

The Administration dropped its appeal of a federal court decision overturning a “threatened” listing of the lesser prairie-chicken in a region that includes Texas, New Mexico, Oklahoma, Kansas and Colorado. The action ends a [successful challenge](#) by NRECA and others to the U.S. Fish and Wildlife Service’s 2014 lesser prairie-chicken listing under the Endangered Species Act. In 2015, a District Court in Texas threw out the threatened listing because the FWS did not follow its own rules for the species assessment and failed to consider the effects of voluntary range-wide plans that increased the lesser prairie-chicken population.

Even with this development, it’s important that electric co-ops continue their commitments with other groups on the voluntary range-wide plans. The Administration’s action provides an opportunity to further establish the range-wide plans as a cost-effective alternative to regulation. However, it’s very possible the FWS will attempt to re-list the species with modifications to address concerns raised by the federal court.

### ***Senate Passes FY17 Energy-Water Spending Bill, Clear Appropriations Roadblock***

Breaking the impasse on the first FY17 appropriations bill, the Senate passed (90-8) an Energy and Water Development spending bill that funds the Power Marketing Administrations at current levels. The measure now waits for the House to pass its version, which includes language we support to block FY17 funds for the Waters of the U.S. (WOTUS) rule. In overcoming a challenge that threatened to derail the appropriations process early in the year, Senate leaders now have time to pass several spending bills before the summer recess as they push to avoid a continuing resolution.

### ***Co-ops Stress Affordability, Reliability at DOE's QER and Grid Modernization Sessions***

Thank you to several electric co-op leaders for their outstanding efforts to emphasize affordability and reliability to the Energy Department during its 2016 [Quadrennial Energy Review](#) (QER) regional meetings and a [Grid Modernization Regional Workshop](#). At the [Texas](#) QER session, Golden Spread Electric Co-op CEO Mark Schwirtz and Pedernales Electric Co-op CEO John Hewa highlighted co-op efforts to increase renewable resources and adopt innovative energy strategies. At an [Iowa](#) session last Friday, Franklin Rural Electric Co-op CEO Becky Bradburn [spoke](#) about co-ops actively working on renewable energy strategies and innovative technologies to meet their members' local needs. The co-op leaders urged DOE to help provide electric co-ops with flexibility to make local decisions on providing resources for their members.

At a separate DOE Grid Modernization Workshop in [Minnesota](#), Great River Energy Vice President of Transmission Will Kaul spoke about co-op efforts to improve system reliability and resiliency while also continuing to ensure affordability for co-op members.

### ***House Panel Moves Bill to Delay EPA Enforcement of Lower Ozone Levels***

A House Energy and Commerce subcommittee passed (15-13) a bill (H.R. 4775) that would delay EPA enforcement of its ozone air quality standards [final rule](#) issued in October 2015. The bill sponsored by Rep. Olson (R-TX) to delay the 70 ppb ozone limit for eight years to 2025, while EPA implements the 75 ppb ozone standard finalized in 2008 that has not been fully implemented. Without H.R. 4775, states must develop implementation plans to meet the 2015 ozone standard while also working to meet the 2008 standard. The 2015 ozone standard will cause hundreds of additional counties across the country to be 'out of attainment,' which requires adoption of costly emission control strategies. The bill is likely to advance from full committee and pass the House. Similar Senate legislation has been introduced.

### ***NRECA Stresses Importance of Hydropower in Glen Canyon Dam Review***

NRECA joined in a coalition [letter](#) urging the Department of Interior (DOI) to ensure Glen Canyon Dam hydropower production is not further reduced or negatively affected under any proposal the agency chooses in its environmental impact review. In January, DOI issued a [Long-Term Experimental and Management Plan Draft Environmental Impact Statement](#) with several proposals for the Glen Canyon Dam on the Colorado River in northern Arizona. The hydropower coalition's response emphasizes the importance of hydropower as a non-carbon emitting renewable energy resource.

### ***Co-ops Oppose Proposed Changes to CFTC RTO-ISA Market Exemptions***

We oppose a new Commodity Futures Trading Commission (CFTC) [proposal](#) that would allow, for the first time, private lawsuits against regional transmission and independent system operators (RTO-ISO) to recover damages in some anti-fraud and anti-manipulation rule violations. The proposed amendment would change broad [2013 Commodity Exchange Act RTO-ISO exemptions](#) for four RTO-ISO market electricity transactions regulated by the Federal Energy Regulatory Commission and the Public Utility Commission of Texas: Financial Transmission Rights, Energy Transactions in Day-Ahead and Real-Time Markets, Forward Capacity Transactions and Reserve or Regulation Transactions. NRECA will file comments opposing the proposed rule change under the 2010 Dodd-Frank Act.